



Tradable Permits

Start Date: Sep 2004

**Projected
End Date:** Dec 2005

Lead Researcher(s):

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Problem Addressed:

Delays caused by congestion on the inland waterway system are costly for shippers and have a negative impact on the economy and the environment. Tradable permits are one proposed non-structural solution for dealing with the problem. Tradable permits involve regulators determining an overall level of tolerable activity, in this case on the nation's inland waterways, then allocating tradable rights, permits, or quotas to operators generating the trips, up to a tolerable level. Companies that keep their trip levels below the allotted level could sell their surplus permits to other firms or use the allotment for one of their other facilities to offset excess trips there. Firms that run out of allowance must buy them from other companies or face legal penalties. In either case it is in the financial interest of the participating firms to reduce trips as much as they efficiently can.

Objective:

The goal of this study is to establish a reference report describing tradable permit systems in theory and practice and to design a system of tradable locking permits for the inland waterway system. It is anticipated that the study will result in a tradable permit system that can be tested at a Corps lock and dam. The study will attempt to anticipate potential implementation problems for such a system and develop proposals for resolving them.

Benefits:

An effective tradable permit system could reduce congestion on the nation's inland waterways, leading to lower transportation costs and a positive economic impact.

Status:

Completed.

Contract Data:

120171, A1350

Progress:

[Presentation by Jim Fawcett](#) (44 KB, ppt)

[Presentation by Charles Plott and Joseph Cook](#)
(315 KB, ppt)

[Presentation by Joseph Cook and Charles Plott,
Jan 5, 2007](#) (578 KB, ppt)

Products (Bookshelf/Toolbox):

[Report by Charles Plott and Joseph Cook, Oct
24, 2005](#) (614 KB, pdf)

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